
FISCAL TOPICS

Fiscal Services Division

November 25, 2019



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Tax Credit: E-15 Plus Gasoline Promotion Tax Credit

The E-15 Plus Gasoline Promotion Tax Credit is available to retail dealers of gasoline who sell blended gasoline that is classified as E-15 (15.0% ethanol content) or higher, but not classified as E-85 gasoline (70.0% to 85.0% ethanol content).

For calendar years (CY) 2012 and 2013, the tax credit was equal to \$0.03 per qualified gallon. Beginning with CY 2014, the tax credit amount changed to \$0.03 or \$0.10 per blended gallon, depending on the time of year the gallon is sold.

The retail dealer is allowed to claim the E-15 Plus Gasoline Promotion Tax Credit on the same gallons used to calculate the dealer's Ethanol Promotion Tax Credit.

Tax Credit Background

- Enabling Legislation: [2011 Iowa Acts, chapter 113](#) (Motor Fuel Regulation, Dispensing, and Tax Credit Act of 2011)
- Iowa Code Citations:
 - [Section 422.11Y](#) — Individual Income Tax
 - [Section 422.33](#)(11D) — Corporate Income Tax
- Administrative State Agency: None
 - Sunset Date: January 1, 2025
 - Transferable: No
 - Refundable: Yes
 - Carryforward: Instead of a refund, the taxpayer may choose to carry forward unused credits to the next tax year.
 - Tax Review Committee Review Year: 2014

Legislative History

As originally enacted in 2011, the tax credit equaled \$0.03 per blended gallon for CY 2012 through CY 2014, and \$0.02 per blended gallon for CY 2015 through CY 2017. There was no tax credit for blended gallons beyond CY 2017. A sunset date of January 1, 2018, was established in the original legislation.

In 2014, the tax credit amount was made seasonal. Beginning with CY 2014, gallons sold from June 1 through September 15 earn a tax credit of \$0.10 per blended gallon. For all other dates, the tax credit is equal to \$0.03 per blended gallon. In 2016, the sunset date for the tax credit was extended to January 1, 2025.

Tax Credit Review, Usage, and Future Liability

The following is based on a Department of Revenue review of the E-15 Plus Gasoline Promotion Tax Credit released December 2014 and the CY 2018 Retailers Fuel Gallons Annual Report:

More Information

Department of Revenue Contingent Liabilities Report: tax.iowa.gov/reports?term_node_tid_depth=79

Department of Revenue Tax Credit Review:

[tax.iowa.gov/sites/default/files/idr/iowa's Biofuel Retailers Tax Credits Evaluation Study 2014.pdf](http://tax.iowa.gov/sites/default/files/idr/iowa's%20Biofuel%20Retailers%20Tax%20Credits%20Evaluation%20Study%202014.pdf)

Department of Revenue Tax Credit Users' Manual:

[tax.iowa.gov/sites/default/files/idr/Tax Credits Users Manual 2018.pdf](http://tax.iowa.gov/sites/default/files/idr/Tax%20Credits%20Users%20Manual%202018.pdf)

Department of Revenue Retailers Motor Fuel Gallons Annual Report:

[tax.iowa.gov/sites/default/files/2019-08/2018 Retailers Fuel Gallons Annual Report.pdf](http://tax.iowa.gov/sites/default/files/2019-08/2018%20Retailers%20Fuel%20Gallons%20Annual%20Report.pdf)

Legislative Services Agency Income Tax Guide: www.legis.iowa.gov/docs/publications/LG/711304.pdf

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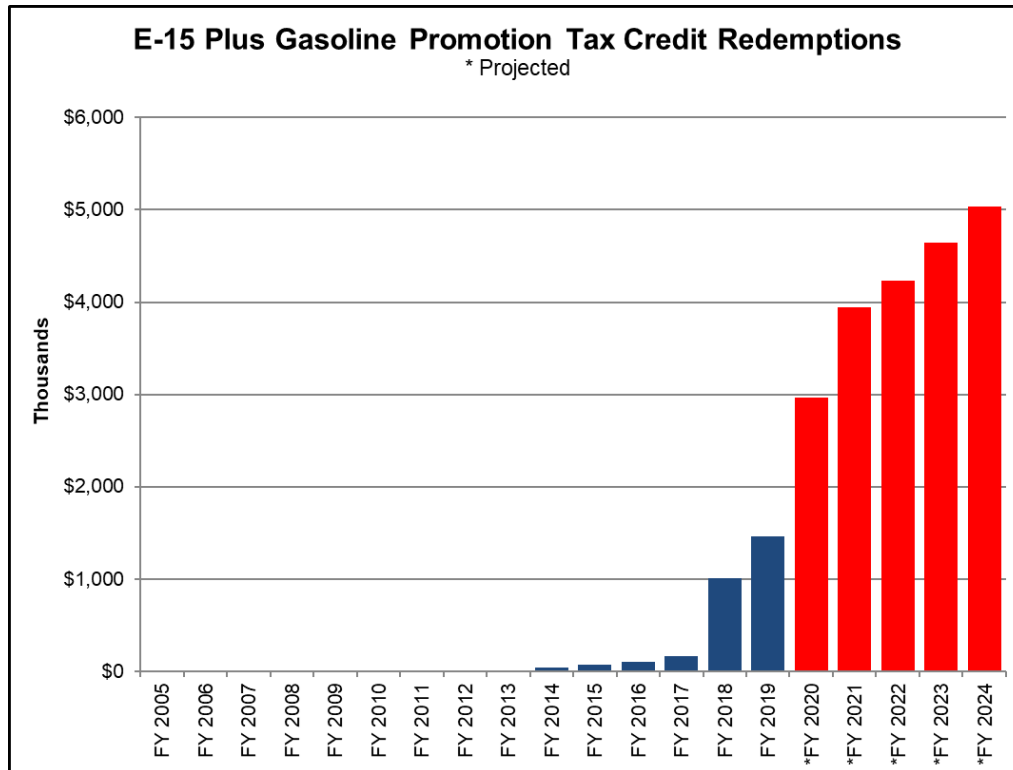
- For CY 2018:
 - Iowa retailers reported the sale of 36.5 million gallons of ethanol blend gasoline qualifying as E-15, an amount equal to 2.3% of all retail gasoline gallons sold.
 - The amount of pure ethanol calculated as a component of blended gasoline was 5.5 million gallons, an amount equal to 0.3% of the total volume of gasoline fuel sold by the reporting retailers.
 - Using a conversion rate of 2.8 gallons of ethanol per bushel of corn, the 5.5 million gallons of pure ethanol sold in Iowa as E-15 blended gasoline represent the utilization of 2.0 million bushels of corn (0.1% of the 2018 Iowa corn crop).
- For tax year 2011 through tax year 2012:¹
 - A total of \$52,000 in E-15 Plus Gasoline Promotion Tax Credit claims was claimed by taxpayers, with 87.6% claimed by corporate taxpayers and 12.4% by individual taxpayers.
 - Over the two tax years, 29.6% of the \$52,000 in tax credit claims was issued as tax refunds. Tax refunds represent the portion of the credit amount that exceeds the taxpayer's Iowa income tax liability.

The Department of Revenue reports on the annual credit usage for the E-15 Plus Gasoline Promotion Tax Credit in its periodic [Contingent Liabilities Report](#). Based on Table 9 of that report, the following table and graph provide a credit redemption history and projections for the E-15 Plus Gasoline Promotion Tax Credit on a fiscal year basis. The blue bars of the graph indicate actual credit redemptions, while the red bars are Department of Revenue projections of future redemptions.

E-15 Plus Gasoline Promotion Tax Credit History

<u>Fiscal Year</u>	<u>Tax Credit Redemptions</u>	<u>Fiscal Year</u>	<u>Tax Credit Redemptions</u>
FY 2005	\$ 0	FY 2015	\$ 68,671
FY 2006	0	FY 2016	102,900
FY 2007	0	FY 2017	166,228
FY 2008	0	FY 2018	1,003,283
FY 2009	0	FY 2019	1,462,264
FY 2010	0	*FY 2020	2,968,542
FY 2011	0	*FY 2021	3,944,402
FY 2012	8,805	*FY 2022	4,236,868
FY 2013	10,942	*FY 2023	4,645,688
FY 2014	40,343	*FY 2024	5,037,418

¹ The Department of Revenue report indicates that the claim total for TY 2012 is not complete.



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